

McGuireWoods LLP
Washington Square
1050 Connecticut Avenue N W
Suite 1200
Washington, DC 20036-5317
Phone 202 857 1700
Fax 202 857 1737
www.mcguirewoods.com

Robert Plotkin
Direct 202 857 1750

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rplotkin@mcguirewoods.com

May 27, 2004

CONFIDENTIAL – SUBMITTED FOR NEGOTIATION PURPOSES ONLY

Mark D. Shonkwiler, Esquire
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR #5405; Apex Healthcare and James C. Chao

Dear Mr. Shonkwiler:

Pursuant to our discussions on April 15, 2004, we submit this letter on behalf of our clients, Apex Healthcare, Inc. ("Apex") and James C. Chao ("Mr. Chao") (collectively, "Respondents"). This letter is submitted in contemplation of settlement and conciliation proceedings, and therefore is not admissible pursuant to Rule 408, Fed. R. Civ. P. We request that the Commission maintain the confidentiality of this letter pursuant to applicable statutes, rules and regulations.

I. Procedural Background

On February 3, 2004, Respondents received from the Commission a Complaint filed against them by Gerald L. Jaecks. The Complaint, apparently based on a review of the Hynes for Senate ("Hynes campaign") FEC reports for the first three quarters of 2003, asserted that certain individuals, who appeared to be Apex employees, were used as conduits to provide contributions to the Hynes campaign.

Respondents immediately obtained counsel, and also arranged for separate counsel for some of the individuals identified in the Complaint. Respondents' counsel contacted the Commission by March 23, 2004, and ultimately scheduled a meeting with FEC enforcement staff on April 15, 2004. At that meeting counsel advised staff of Respondents' position and discussed steps for conciliation. As a result of that meeting, a response to the Complaint was filed on May 14, 2004, and this conciliation letter follows.

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II. Admissions and Sua Sponte Disclosures

Respondents admit that the people identified in the Complaint were reimbursed by Respondents for their contributions to the Hynes campaign, with the exceptions previously noted in the Response filed on May 14, 2004.

Further, Respondents *sua sponte* disclose that there were additional payments reimbursed to others during the first three quarters of 2003 that are not included in the Complaint. There were similar reimbursed contributions made in the fourth quarter of 2003 that are not included in the Complaint. Respondents made in-kind contributions of furniture to the Hynes campaign, in October 2003, valued at about \$1,500, that are not in the Complaint. Respondents also disclose *sua sponte* herein several payments made to three federal campaigns in 2002. A complete listing of individuals, contribution amounts and dates is set forth in Exhibit A, attached hereto and incorporated herein.

The total number of reimbursed contributions in 2002 was 6, for a total of \$6,000. In 2003 there were 24 reimbursed contributions totaling \$69,500. The total amount of money contributed through others is \$75,500, plus \$1,500 in-kind.

III. The Respondents

A. James Chao and Family

Mr. Chao was born in 1957 in Taiwan. He immigrated to the United States with his family in 1973. Mr. Chao became a U.S. citizen in 1988. He obtained a Bachelor of Science degree at the University of Illinois in 1981, majoring in economics. His first professional job was at St. Francis Cabrini Hospital in the Chicago area, where he worked in the finance department, from 1982 to 1986. He later set up his own company, Metro Provider Service Corp., in 1987. Metro Provider Service Corp. discontinued operations in 1997. Mr. Chao started Apex in 1997.

In about 1989, Mr. Chao married Annie Ma Chao. Mrs. Chao is also a U.S. citizen of Taiwanese descent; she came to the United States in the late 1980s. The Chao's have three children, ages 13, 5 and 2. They live in Naperville, a Chicago suburb.

For many years, Mr. Chao's parents lived nearby in Naperville. His father, Charles Chao, who passed away about four years ago, was a member of the Taiwan diplomatic corps until he retired to Naperville on a government pension. He was not a U.S. citizen, although he held a green card. Mr. Chao's mother, Grace Chao, was born in Taiwan and is now a U.S. citizen. She is 69 years old, and is not an experienced businesswoman or college graduate.

Mr. Chao's brother Phillip, and his wife Charrisa, also live in Naperville. Phillip has a PhD in electrical engineering from Northwestern University, and he was employed for a time designing information systems and computer chips for Lucent. He later

started and sold his own chip design company. Charrisa holds a mid-level position at Lucent, where she has worked for almost 25 years, after obtaining a masters in electrical engineering from ITT. Both have been U.S. citizens since at least 1988.

It is important to note that, except for the contributions described herein, the other members of James Chao's family are not involved in elective politics and have not made any other political campaign contributions. At all times relevant, these individuals held either a green card or were U.S. citizens.

B. Apex Healthcare

As noted above, Respondent Apex Healthcare commenced operations in 1997. It is an Illinois corporation that, for tax purposes, is a Sub-S corporation, 100% owned by James Chao. Apex essentially provides claims processing services to hospitals and medical practices in the Chicago area. Apex does not require a license for its activities, and is not directly regulated by any federal or state agency. In 2001, Apex registered as a utilization review organization pursuant to Illinois law.

Apex provides its services to about eleven hospitals and medical practices in the Chicago metropolitan area. It has between 35 to 40 employees, including Mr. Chao, its president and 100% shareholder. The staff includes about 20 claims processors, 9 or 10 registered nurses who review medical files, and several supervisory/administrative personnel who oversee these employees. The most senior employees make less than \$100,000 annually, including several who have worked for Apex more than ten years. At all times relevant, any Apex employees or their relatives who were asked to make conduit contributions held either a green card or were U.S. citizens.

IV. Prior Campaign Contributions

We learned that Mr. Chao has contributed to election campaigns since at least the early 1990's, in both federal and state elections. Respondents admit that on several occasions during that period relatives and/or employees were reimbursed for contributions made at the request of the Respondents in both federal and state campaigns. Although Respondents do not have the precise details of all contributions made during that time, they do not deny occasionally engaging in this practice. They do recall making substantial contributions during the 1996 Presidential campaign to several state Democratic Party federal accounts, including through employee/relative conduits.

In 2002, Respondents made two contributions through employees or their relatives to each of three different federal campaigns: Marty Castro (\$2,000 total); Mark Shriver (\$2,000 total); and Bill Nelson (\$2,000 total). In 2003, they made 24 such contributions, totaling about \$69,500, through Respondents' employees or relatives to the Hynes for Senate campaign, leading to the current matter under review. See, Exhibit A for the details.

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V. Mr. Chao's Motivations

Importantly, Mr. Chao did not use conduit contributions with the intention of gaining any personal or public benefits for himself. Nor were they used in order to reward a candidate for any official action. These contributions were motivated solely by Mr. Chao's strong personal desire to participate in election campaigns. His later use of conduits was to hide the extent of that participation from his wife and to generally maintain a low public profile in order to avoid a flood of requests.

Respondent Mr. Chao, as noted above, was born in Taiwan and became a naturalized U.S. citizen in 1988. He had a lifelong interest in American politics and saw election campaigns as a way for him to participate in American democracy. It made him feel important, and provided him with a sense of "belonging." He sometimes personally attended fundraisers and had an opportunity to meet, or hear in person, important state and national politicians.

Mr. Chao has never read the federal election laws. He generally was aware that there were limits to the amount of money he could contribute in federal elections. He also knew that he could not use corporate funds for federal contributions. However, given that his corporation was a Sub-S owned 100% by him, the personal/corporate distinction became blurred in his own mind. This was further confused by the fact that, in state elections, it is permissible for Illinois corporations to make donations. Mr. Chao learned from the daily newspapers that the McCain-Feingold law increased individual contribution limits; he later was told by the Hynes campaign that the limits in that particular election were increased further due to special provisions in the revised election laws.

Prior to 1998 Mr. Chao's contributions were made primarily in his wife's and his names (and, as permitted in the state elections, in the name of his corporation). On several occasions during that period, however, in his zeal to participate fully and to live up to promises made to candidates or their supporters, Mr. Chao requested his mother, brother, sister-in-law and several long-time employees to make contributions on his behalf, for which he reimbursed them. Mr. Chao now understands that such requests and reimbursements were improper.

In 1998, Mr. Chao's business went through a difficult economic time. As a result, he was unable to continue making significant political contributions. In fact, on several occasions his wife told him that he must greatly reduce or eliminate these payments in light of their changed economic circumstances, and generally he did this. Mr. Chao's best recollection is that there were only a few Federal contributions, and none made through conduits, between 1998 and 2001.

It was not until 2002 that his business improved, and his political contributions increased. Still cognizant of his wife's express concern about the amount of his contributions, Mr. Chao relied more heavily on the use of corporate employees and

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other family members to make contributions in order to keep them secret from his wife. He also wished to avoid raising his own public profile with the many campaigns that might seek his support. In keeping with his new lowered profile, Mr. Chao reduced the number of fundraisers he attended, and the number of campaigns to which he contributed. Thus, Mr. Chao's reasons for using conduits did not stem from any intent to corrupt the election process. Rather, it came from his personal desire to participate while keeping a low public profile and avoiding confrontations with his wife.

As we stressed in our meeting with you, Mr. Chao's actions were entirely personal and he alone is responsible for them. No third person, including Daniel Hynes or anyone associated with the Hynes campaign, asked, suggested, or advised Mr. Chao to use conduit donors. Similarly, neither Mr. Hynes nor anyone associated with his campaign was aware that any of the contributions made to the campaign by Mr. Chao's family or employees had been reimbursed.

VI. The Role of Respondents' Family and Employees

Mr. Chao alone is responsible for the reimbursement of contributions made by his family and employees. None of the individuals whose aid he enlisted were politically and financially sophisticated. Most of them were foreign-born and not familiar with the complex U.S. election system. The U.S. born citizens whose help he requested generally were not active in politics and had very little experience in making political donations.

None of the Chao family members, or Apex employees and their relatives, who made contributions for Respondents were aware that the reimbursements they received were unlawful. In each case, Mr. Chao's discussion with them was limited to a brief conversation in which he asked them to make a contribution with the promise he would reimburse them for it. Mr. Chao's demeanor during these brief meetings did not suggest any impropriety in his request. Mr. Chao made the request matter-of-factly, without any explanation as to why he was asking them. Because those whom he asked were family members or long-term Apex employees, they had no reason to think that he was asking them to do anything wrong and they did not question or suspect his request.

Furthermore, because Mr. Chao was the founder, owner and principal officer of Apex, no corporate review or other approval was necessary to use Apex funds for the reimbursements. On some occasions, the conduit donors were repaid with an Apex check; on most others Mr. Chao cashed an Apex check and reimbursed them with the proceeds. See, Exhibit B attached hereto and incorporated herein.

Attached to this letter and incorporated herein, as Exhibit C, are affidavits from Apex employees or their relatives who were asked to make reimbursed contributions. The statements demonstrate that these individuals were unaware of the prohibitions, and that they played no significant role in planning or soliciting these payments. They

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surely obtained no personal benefits from making them. Accordingly, no charges should be brought against them by the Commission.

VII. The Role of the Hynes Campaign

Mr. Chao first met Mr. Hynes in 1996, when Mr. Hynes was a political director for the Clinton/Gore campaign. The two men met again in 1997 at a meeting of a non-profit organization called "Principal for a Day." At that meeting, Mr. Chao learned that Mr. Hynes was a health care attorney and that they shared a number of mutual clients and business contacts. Mr. Chao decided to support Mr. Hynes when he announced his candidacy for State Comptroller later that year, and he supported Mr. Hynes again in his state re-election campaign in 2002.

Mr. Hynes was the first candidate, and then elected official, that Mr. Chao knew personally. This fact was of great significance for a foreign-born citizen with a passion for politics. Mr. Chao volunteered at the Hynes campaign headquarters on weekends during 2002, stuffing envelopes, typing information into the campaign data base and performing similar administrative tasks. Mr. Chao was so proud of his active participation in this campaign that he regularly brought his older children to campaign headquarters so they could observe and help with minor tasks.

While Mr. Chao was working on the state re-election campaign in 2002, Matt Hynes, the candidate's brother and campaign Treasurer, asked Mr. Chao to contribute or solicit contributions for federal candidates Marty Castro, Mark Shriver and Bill Nelson. Matt Hynes explained that these contributions would generate good will for Dan Hynes and create a broader contribution base for a potential federal race. Mr. Chao agreed to collect such funds. He solicited several Apex employees to write checks, whom Apex then reimbursed. In all, \$6,000 was contributed; it was divided evenly among the three referenced candidates. After Mr. Chao received these checks, he placed them in an envelope, which he delivered to Matt Hynes. Presumably, Matt then forwarded the contributions to the appropriate campaign. Mr. Chao did not tell Matt Hynes that he reimbursed these contributors.

In early 2003, Dan Hynes officially decided to run for the U.S. Senate from Illinois. At Mr. Hynes' invitation, Mr. Chao attended the announcement speech. Soon after the announcement, Dan Hynes called Mr. Chao. They spoke generally about the course of the campaign and recent polling results, and then Dan Hynes asked Mr. Chao how much he could raise that quarter to assist the campaign. Mr. Chao said between \$15-20,000, and he did deliver \$20,000 in the first quarter. Throughout 2003, near the end of each fiscal quarter, Mr. Hynes and Mr. Chao had similar discussions, and Mr. Chao raised \$20,000 in each of the remaining three quarters. \$18,500 of the total amount raised were personal contributions from Mr. and Mrs. Chao. The rest were Apex-reimbursed contributions by family and employees.

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After obtaining the checks at or near the end of each quarter, Mr. Chao again placed them in an envelope and hand-delivered them to the Hynes campaign offices. He left the envelope with Matt Hynes or, if Matt was not available, with another volunteer worker.

In the fall of 2003, the Hynes campaign increased its staff and office space, and Mr. Chao was asked if he had any used furniture he could contribute. Mr. Chao then purchased a new sofa and refrigerator at Best Buy, and gathered three used desks at Apex (total value of all the items is approximately \$1,500), and had them delivered to the campaign offices. The purchases were made from Apex's corporate account.

During 2003 Mr. Chao and Dan Hynes met once or twice for lunch or breakfast, but these meetings were largely social, and did not involve any discussion of fundraising. As noted above, neither Dan Hynes nor Matt Hynes ever suggested the use of third-party conduits, and at no time did Mr. Chao advise either of them that he had reimbursed any contributors. Indeed, it was his desire to convince the Hynes campaign that he could generate significant contributions from his network, in order to enhance his own importance, and so he had no reason to disclose the reimbursements.

VIII. The Personal Contributions

The Illinois Senate primary election was conducted pursuant to the "Millionaire's Amendment" to the Bipartisan Campaign Reform Act, 2 U.S.C. § 441(a)(i). Consequently, the individual contribution limits increased from \$2,000 to \$12,000, or \$24,000 for a married couple.

Mr. and Mrs. Chao made six contributions to this campaign in 2003, totaling \$18,500. These payments were drawn on the Chaos' personal checking account, see Exhibit D. These contributions were not directly reimbursed by Apex, although as the sole owner of the company, Apex is Mr. Chao's principal source of personal income. Accordingly, those personal payments were proper, and they should not be considered in connection with the resolution of this matter.

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IX. Conclusion

The Respondents admit their violation of the federal election laws* and seek to correct their actions by entering into a pre-probable cause conciliation agreement with the Commission. We look forward to further discussions with you. Should you require additional information, please do not hesitate to contact us.

Yours truly,

Robert Plotkin /vsb

Robert Plotkin
McGuireWoods LLP
Suite 1200
1050 Connecticut Avenue, N.W.
Washington, DC. 20036
(202) 857-1750

William Farah
Oldaker, Biden & Belair, LLP
Suite 1100
818 Connecticut Avenue, N.W.
Washington, D.C. 20006
(202) 496-3476

Enclosures

cc: Ann Marie Terzaken (w/enclosures)

* Respondents recognize that their state contributions may also have violated Illinois law. They are reviewing those statutes and will notify the proper state authorities as appropriate.

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INDEX OF EXHIBITS

Exhibit A	Chart of 2002-03 Reimbursed Federal Contributions
Exhibit B	Apex Checks
Exhibit C	Affidavits of Apex Employees and Their Relatives
Exhibit D	Mr. and Mrs. Chao's Personal Checks

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EXHIBIT A

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EXHIBIT A

DATE	CONTRIBUTOR	RELATIONSHIP	AMOUNT	CANDIDATE/ORGANIZATION
02/19/02	Monica Fletcher	Sharon Linares's mother	\$1,000	People for Marty Castro (Federal)
02/21/02	Marian Stang	Dawn Burdell's mother	\$1,000	People for Marty Castro (Federal)
09/06/02	Jeffrey P. Burdell	Dawn Burdell's husband	\$1,000	Citizens for Mark Shriver (Federal)
09/06/02	Frances Mattivi	Apex employee	\$1,000	Citizens for Mark Shriver (Federal)
10/08/02	Dawn L. Burdell	Apex employee	\$1,000	Bill Nelson for Senate (Federal)
10/08/02	Sharon L. Linares	Apex employee	\$1,000	Bill Nelson for Senate (Federal)
03/03/03	James Chao	Chao personal	\$4,000	Hynes for Senate (Federal)
03/05/03	Dawn Burdell	Apex employee	\$4,000	Hynes for Senate (Federal)
03/05/03	Kin Cheung	Apex employee	\$4,000	Hynes for Senate (Federal)
03/05/03	Sharon Linares	Apex employee	\$4,000	Hynes for Senate (Federal)
03/05/03	Lawrence Yip	Apex employee	\$4,000	Hynes for Senate (Federal)
06/30/03	Grace T. Chao	James Chao's mother	\$6,000	Hynes for Senate (Federal)
06/30/03	James Chao	Chao personal	\$6,000	Hynes for Senate (Federal)
06/30/03	Douglas & Monica Fletcher	Sharon Linares's parents	\$4,000	Hynes for Senate (Federal)
06/30/03	Marian C. Stang	Dawn Burdell's mother	\$4,000	Hynes for Senate (Federal)
09/29/03	Dawn Burdell	Apex employee	\$2,000	Hynes for Senate (Federal)
09/29/03	Charissa W. Chao	James Chao's sister-in-law	\$4,000	Hynes for Senate (Federal)
09/29/03	James Chao	Chao personal	\$2,000	Hynes for Senate (Federal)
09/29/03	Phillip Chao	James Chao's brother	\$4,000	Hynes for Senate (Federal)
09/29/03	Kin Cheung	Apex employee	\$4,000	Hynes for Senate (Federal)
09/29/03	Monica Fletcher	Sharon Linares's mother	\$2,000	Hynes for Senate (Federal)
09/29/03	Sharon Linares	Apex employee	\$2,000	Hynes for Senate (Federal)
09/29/03	Annie Ma	Chao personal	\$2,000	Hynes for Senate (Federal)
09/29/03	Marian C. Stang	Dawn Burdell's mother	\$2,000	Hynes for Senate (Federal)
09/29/03	Amy Yuen	Lawrence Yip's wife	\$4,000	Hynes for Senate (Federal)
10/00/03	James Chao	Apex President	In-kind (approx. \$1,500)	Hynes for Senate (Federal)
12/30/03	Dawn Burdell	Apex employee	\$1,700	Hynes for Senate (Federal)
12/30/03	James Chao	Chao personal	\$2,000	Hynes for Senate (Federal)
12/30/03	Kin Cheung	Apex employee	\$1,800	Hynes for Senate (Federal)
12/30/03	Monica Fletcher	Sharon Linares's mother	\$1,900	Hynes for Senate (Federal)
12/30/03	Sharon Linares	Apex employee	\$1,600	Hynes for Senate (Federal)
12/30/03	Marian C. Stang	Dawn Burdell's mother	\$1,800	Hynes for Senate (Federal)
12/30/03	Amy Yuen	Lawrence Yip's wife	\$1,600	Hynes for Senate (Federal)

DATE	CONTRIBUTOR	RELATIONSHIP	AMOUNT	CANDIDATE/ORGANIZATION
12/31/03	Grace T. Chao	James Chao's mother	\$2,000	Hynes for Senate (Federal)
12/31/03	Annie Ma Chao	Chao personal	\$2,500	Hynes for Senate (Federal)
12/31/03	Mei Fung Choi	Kin Cheung's wife	\$1,400	Hynes for Senate (Federal)
12/31/03	Lawrence Yip	Apex employee	\$1,700	Hynes for Senate (Federal)

EXHIBIT B

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20434

APEX HEALTHCARE, INC.
1751 S. NAPERVILLE RD., SUITE 104
WHEATON, IL 60187

OLD KENT BANK-ILLINOIS
70-588-718

Feb. 11, 03

PAY TO THE
ORDER OF

Shari Linares

\$4,000.00**

Four Thousand00/00****

DOLLARS

MEMO

James C. Chas

[REDACTED]

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20435

APEX HEALTHCARE, INC.
1751 S. NAPERVILLE RD., SUITE 104
WHEATON, IL 60187

OLD KENT BANK-ILLINOIS
70-598-719

Feb. 11, 03

PAY TO THE
ORDER OF

Kin S. Cheung

\$ 4,000 00*

Four Thousand**00/00**

DOLLARS

MEMO

James Chan

MP

25044111652

20436

APEX HEALTHCARE, INC.
1751 S. NAPERVILLE RD., SUITE 104
WHEATON, IL 60187

OLD KENT BANK-ILLINOIS
70-598-719

Feb. 11, 03

PAY TO THE
ORDER OF

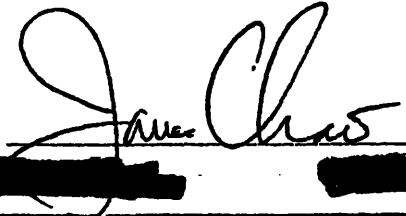
Dawn Burdelik

\$4,000.00*

Four Thousand**00/00**

DOLLARS

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20437

APEX HEALTHCARE, INC.
1751 S. NAPERVILLE RD., SUITE 104
WHEATON, IL 60187

OLD KENT BANK-ILLINOIS
70-588-719

Feb. 11, 03

PAY TO THE
ORDER OF

Lawrence Yip

\$*4,000.00*

*Four Thousand**00/00**

DOLLARS

MEMO

Jan Chao

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK-ILLINOIS

20554

PAY
TO THE
ORDER OF

Grace T. Chao

441

6-30-03

6,000.00

Six Thousand

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VOID

AUTHORIZED SIGNATURE

Chao

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK-ILLINOIS

70-598/719

Fifth Third Bank

JUL 25 '03

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MEMO

James C. Chas
AUTHORIZED SIGNATURE

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK-ILLINOIS
70-598/719

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First Third Bank

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK-ILLINOIS
70-598/719

20634

Sept. 23, 03

PAY
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\$ 5,000 00*

Five Thousand00/00

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK-ILLINOIS
70-598/719

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Fifth Third Bank

Sept. 26, 03

**PAY
TO THE
ORDER OF**

Cash

SEP 26 2003

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440



OLD KENT BANK-ILLINOIS
70-598/719

20636

Sept. 26, 03

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ORDER OF

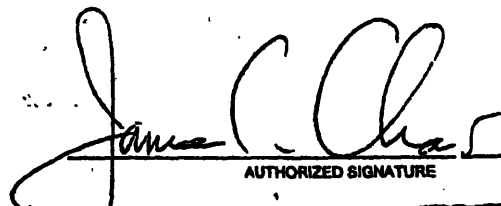
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\$*4000.00*

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

000-4435-7198(7/5)

OLD KENT BANK-ILLINOIS
512/719

20638

9-29-2003

PAY
TO THE
ORDER OF

Cash

\$**5,500.00**

Fifty-Five Hundred **00/00**

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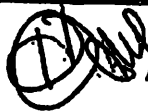
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James C. Char...
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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK-ILLINOIS

20639

Fifth Third Bank

SEP 29 2003

9-29-2003

PAY
TO THE
ORDER OF

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\$**6,000.00**

Six Thousand00/00**

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James C. Chew
AUTHORIZED SIGNATURE

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

KENT BANK-ILLINOIS
70-592719

20730

PAY
TO THE
ORDER OF

Cash

First Third Bank

Jan. 5, 2004

JAN 05 2004

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APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK-ILLINOIS

20731

PAY
TO THE
ORDER OF

Cash

Jan. 1, 04

\$ **7,000.00*

Seven Thousand00/00**

DOLLARS

MEMO

VOID

AUTHORIZED SIGNATURE

THE REVERSE SIDE OF THIS DOCUMENT INCLUDES AN ARTIFICIAL WATERMARK. HOLD AT ANGLE TO VIEW

25044111664

APEX HEALTHCARE, INC.
440 QUADRANGLE DRIVE, STE. B
BOLINGBROOK, IL 60440

OLD KENT BANK ILLINOIS

20747

PAY
TO THE
ORDER OF

Grace T. Chao

1-5-04

2,000 $\frac{00}{100}$

Two Thousand

DOLLARS

MEMO

VOID

Jane Chao
AUTHORIZED SIGNATURE

[REDACTED]

THE REVERSE SIDE OF THIS DOCUMENT INCLUDES AN ARTIFICIAL WATERMARK - HOLD AT ANGLE TO VIEW

25044111665

25044111666

EXHIBIT C

Exhibit C

Affidavits of Apex Employees and Their Relatives

1. Dawn Burdelik
2. Kin Cheung
3. Monica Fletcher
4. Sharon Linares
5. Marian Stang
6. Lawrence Yip

25044111667

AFFIDAVIT

State of Illinois)
) ss.
County of DuPage

Affiant, Dawn Burdelik, after being duly sworn, states:

1. My name is Dawn Burdelik and I am currently employed at Apex Healthcare. I have been employed with Apex since its inception. I previously worked for Apex's predecessors, Metro Provider Services, Metro Primary Care Network and Metro PCP. Each of these companies was operated by James Chao.

2. I am a natural-born U.S. citizen, and am a high school graduate.

3. On several occasions, Mr. Chao has asked me to write checks to political candidates. Each time the request was basically the same: Mr. Chao asked if I would write a check to a certain candidate, for which he would reimburse me, usually in cash. When I agreed, he told me to whom the check should be payable and the amount.

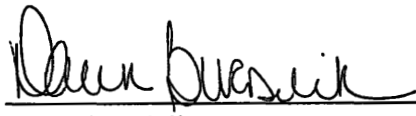
4. I never questioned Mr. Chao about these requests because I did not believe that this activity violated any law or rules. I was under the impression that, since he made donations to various candidates, he wanted to use my name so that other politicians would not complain to him about contributions to other people. Although I do not specifically recall every occasion on which this occurred, I believe that the following checks were written at the request of Mr. Chao: 2/19/03 - \$4,000 Hynes for Senate; 9/29/03 - \$2,000 Hynes for Senate; 12/30/03 - \$1,700 Hynes for Senate. Mr. Chao reimbursed me for each of these checks.

5. I also have reviewed checks payable to Citizens for Mark Schriver, dated September 9, 2002 for \$1,000 and an October 8, 2002 check to Bill Nelson for Senate for \$1,000. I believe that these donations also were handled as described above.

6. In addition, on several occasions Mr. Chao asked if I would request my mother, Marian Stang, to make contributions in the same manner. My mother agreed, and she also was reimbursed by Mr. Chao.

7. Other than the contributions made at Mr. Chao's request, I have not made any contributions in excess of \$500 on my own.

8. I did not personally benefit from making the contributions.


Dawn Burdelik

Subscribed and sworn to before
me this 25th day of May, 2004.


Notary Public



25044111669

AFFIDAVIT

State of Illinois)
) ss.
County of DuPage)

Affiant, Kin Cheung, after being duly sworn, states:

1. My name is Kin Cheung and I am currently employed at Apex Healthcare. I have been employed with Apex since 1996. I previously worked for Apex's predecessors, Metro Provider Services, Metro Primary Care Network and Metro PCP. Each of these companies was operated by James Chao.

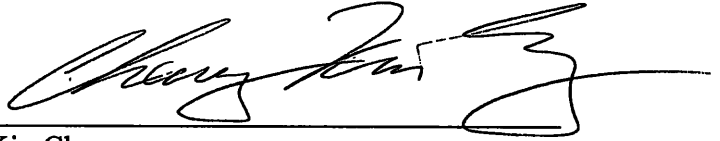
2. I am a naturalized U.S. citizen. I am a high school graduate and have a college degree.

3. On several occasions, Mr. Chao has asked me to write checks to political candidates. Each time the request was basically the same: Mr. Chao asked if I would write a check to a certain candidate, for which he would reimburse me, usually in cash or check. When I agreed, he told me to whom the check should be payable and the amount.

4. I never questioned Mr. Chao about these requests because I did not believe that this activity violated any law or rules. I was under the impression that, since he made donations to various candidates, he wanted to use my name so that other politicians would not complain to him about contributions to other people. Although I do not specifically recall every occasion on which this occurred, I believe that the following checks were written at the request of Mr. Chao: March 5, 2003 - \$4,000 Hynes for Senate; September 29, 2003 - \$4,000 Hynes for Senate; December 30, 2003 - \$1,800 Hynes for Senate. Mr. Chao reimbursed me for each of these checks.

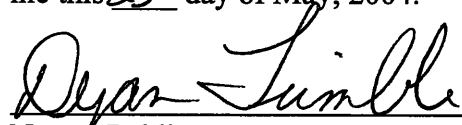
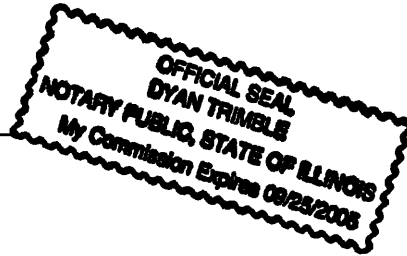
5. Other than the contributions made at Mr. Chao's request, I have not made any contributions in excess of \$500 on my own.

6. I did not personally benefit from making the contributions.



Kin Cheung

Subscribed and sworn to before
me this 25th day of May, 2004.


Notary Public

AFFIDAVIT

State of Illinois)
) ss.
County of DuPage)

Affiant, Monica Fletcher, after being duly sworn, states:

1. My name is Monica Fletcher. I reside at ~~██████████~~, Chicago Ridge, Illinois. My daughter, Sharon Linares, works at Apex Healthcare for James Chao. She has worked there for approximately twelve years.

2. I am a natural-born U.S. citizen and a high school graduate.

3. My daughter told me that Mr. Chao asked her to have me write a check to certain political candidates. My daughter explained that she believed Mr. Chao did this because he did not want other politicians to know that he was providing money to their opponents or to another party. I asked her if there was anything wrong with this and she said that she did not think so. Neither she nor I was aware of any law or rule that this activity would violate. I submitted three such checks in 2003 to the Hynes for Senate campaign.

4. My daughter told me that the mother of at least one other Apex employee was also making a contribution in a similar manner.

5. Other than the contributions made at Mr. Chao's request, I have not made any political contributions in excess of \$500 on my own.

6. I did not personally benefit in any way from making these contributions.

Monica Fletcher
Monica Fletcher

Subscribed and sworn to before
me this 25 day of May, 2004.

Alia Centano
Notary Public



AFFIDAVIT

State of Illinois)
) ss.
County of DuPage)

Affiant, Sharon Linares, after being duly sworn, states:

1. My name is Sharon Linares and I am currently employed at Apex Healthcare. I have been employed with Apex since 1993. I previously worked for Apex's predecessors, Metro Provider Services, Metro Primary Care Network and Metro PCP. Each of these companies was operated by James Chao.

2. I am a natural-born U.S. citizen, and am a high school graduate.

3. On several occasions, Mr. Chao has asked me to write checks to political candidates. Each time the request was basically the same: Mr. Chao asked if I would write a check to a certain candidate, for which he would reimburse me, usually in cash. When I agreed, he told me to whom the check should be payable and the amount.


4. I never questioned Mr. Chao about these requests because I did not believe that this activity violated any law or rules. I was under the impression that, since he made donations to various candidates, he wanted to use my name so that other politicians would not complain to him about contributions to other people. Although I do not specifically recall every occasion on which this occurred, I believe that the following checks were written at the request of Mr. Chao: 2/19/03 - \$4,000 Hynes for Senate; 9/29/03 - \$2,000 Hynes for Senate; 12/30/03 - \$1,600 Hynes for Senate. Mr. Chao reimbursed me for each of these checks.

5. In addition, on several occasions Mr. Chao asked if I would request my mother, Monica Fletcher, to make contributions in the same manner. My mother agreed, and she also was reimbursed by Mr. Chao.


25044111673

6. Other than the contributions made at Mr. Chao's request, I have not made any contributions in excess of \$500 on my own.

7. I did not personally benefit from making the contributions.


Sharon Linares

Subscribed and sworn to before
me this 25th day of May, 2004.


Notary Public



25044111674

AFFIDAVIT

State of Illinois)
County of Cook) ss.

Affiant, Marian Stang, after being duly sworn, states:

1. My name is Marian Stang. I reside at ~~██████████~~ Street, Chicago Ridge, Illinois. My daughter, Dawn Burdelik, works at Apex Healthcare for James Chao. She has worked there for approximately twelve years.

2. I am a natural-born U.S. citizen and a high school graduate. I am retired.

3. My daughter told me that Mr. Chao asked her to have me write a check to certain political candidates. My daughter explained that she believed Mr. Chao did this because he did not want other politicians to know that he was providing money to their opponents or to another party. I asked her if there was anything wrong with this and she said that she did not think so. Neither she nor I was aware of any law or rule that this activity would violate. I submitted three such checks in 2003 to the Hynes for Senate campaign.

4. My daughter told me that the mother of at least one other Apex employee was also making a contribution in a similar manner.

5. Other than the contributions made at Mr. Chao's request, I have not made any political contributions in excess of \$500 on my own.

6. I did not personally benefit in any way from making these contributions.

Marian Stang
Marian Stang

Subscribed and sworn to before
me this 24th day of May, 2004.

Janet C Daly
Notary Public



AFFIDAVIT

State of Illinois)
County of DuPage) ss.

Affiant, Lawrence Yip, after being duly sworn, states:

1. My name is Lawrence Yip. I reside at ~~██~~, Chicago, Illinois 60616. I am currently employed at Apex Healthcare. I have been employed with Apex since October of 1995. I previously worked for Apex's predecessors, Metro Provider Services, Metro Primary Care Network and Metro PCP. Each of these companies was operated by James Chao.

2. I am a naturalized United States citizen.

3. On two occasions, Mr. Chao has asked me to write checks to a political candidate. Each time the request was basically the same: Mr. Chao asked if I would write a check to a certain candidate, for which he would reimburse me, usually in cash. When I agreed, he told me to whom the check should be payable and the amount.

4. I never questioned Mr. Chao about these requests because I did not believe that this activity violated any law or rules. I was under the impression that, since he made donations to various candidates, he wanted to use my name so that other politicians would not complain to him about contributions to other people. Although I do not specifically recall each occasion on which this occurred, I believe that the following checks were written at the request of Mr. Chao: March 3, 2003 - \$4,000 Hynes for Senate; and December 31, 2003 - \$1,700 Hynes for Senate. Mr. Chao reimbursed me for each of these checks.

5. Other than the contributions made at Mr. Chao's request, I have not made any contributions in excess of \$500 on my own.

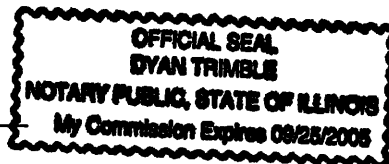
25044111676

6. I did not personally benefit from making the contributions.

Lawrence Yip
Lawrence Yip

Subscribed and sworn to before
me this 25th day of May, 2004.

Dyan Trimble
Notary Public



25044111678

EXHIBIT D

25044111679

2560

Date: 2/24/03

Pay To The Order of Hynes For Senate Exploratory Com \$ 4,000.00

Four Thousand Dollars

For [Signature]

ENCLOSURE

PAY TO THE ORDER OF
MEMBERS OF THE CHICAGO
COUNCIL ON GOVERNMENT
FOR HYNES FOR SENATE
22nd DISTRICT

8171

25044111679

David Beltran
REF 0170-17MAR04

(D)

25044111680

Annie H. M. Chao 6-96
James C. Chao
~~James C. Chao~~
Nashville, TN 60565

2640

Date 6/30/03 70-2288/719

Pay To The Order of Hynes For: Senator \$ 6,000.00
Six Thousand — Dollars

HARRIS BANK
NAPERVILLE, IL 60566-7027
(708) 430-4500 MEMBER F.D.I.C.

For ANNIE CHAO

ARTISTIC CHECKS® • 1-800-834-7681 • TEDDY BEARS

25044111681

Annie H. M. Chao 6-96
James C. Chao
Nashville, TN 60565

2695

Date 9-29-03 70-2289/719

Pay To The Order of Hynes For Senate \$ 2000 ⁰⁰/₁₀₀
Two Thousand ⁰⁰/₁₀₀ Dollars

HARRIS BANK
NAPERVILLE, IL 60563-7027
(708) 420-3500 MEMBER F.D.I.C.

For Annie M. Chao James C. Chao

ARTISTIC CHECKS® • 1-800-824-7821 • TEDDY BEARS

Annie H. M. Chao 6-96
James C. Chao
Nashville, TN 60565

2694

Date 9-29-03 70-2289/719

Pay To The Order of Hynes For Senate \$ 2000 ⁰⁰/₁₀₀
Two Thousand ⁰⁰/₁₀₀ Dollars

HARRIS BANK
NAPERVILLE, IL 60563-7027
(708) 420-3500 MEMBER F.D.I.C.

For JAMES CHAO James C. Chao

ARTISTIC CHECKS® • 1-800-824-7821 • TEDDY BEARS

Annie H. M. Chao 6-96
James E. Chao
Naperoville, ID 60565

2757

Date 12-30-03 70-2288718

Pay To The
Order of

Hynes For Senate \$ 2500.00
Two Thousand Five Hundred - 00/100 Dollars

HARRIS BANK
NAPERVILLE, IL 60565-7027
(708) 420-3500 MEMBER F.D.I.C.

For

ARTISTIC CHECKS® • 1-800-224-7881 • TEDDY BEARS

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25044111682

Annie H. M. Chao 6-96
James C. Chao
Nashville, TN 60565

2756

Date 12-30-03 70-2269719

Pay To The Order of Hynes For Senate \$ 2000⁰⁰
Two Thousand Dollars ☒ ☐

HARRIS BANK
NAPERVILLE, IL 60563-7027
(708) 429-3500 MEMBER F.D.I.C.

For

Annie H. M. Chao

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25044111683